

DECISION

**THE COMPTROLLER GENERAL
OF THE UNITED STATES**
WASHINGTON, D.C. 20548

Forman
PLM-II

FILE: B-219309

DATE: January 29, 1986

MATTER OF: Joseph R. Aceto

DIGEST:

Transferred employee who purchased a residence at his new duty station may be reimbursed for a loan origination fee of 2 percent since the local office of the Department of Housing and Urban Development indicates that this is the customary rate for a conventional mortgage in the locality of the employee's new duty station.

An employee, who purchased a residence at his new duty station, was charged a loan origination fee of 2 percent or \$1,280. He has been reimbursed by his agency for 1 percent or \$640.^{1/} The employee may be reimbursed for the additional \$640, since the local office of the Department of Housing and Urban Development has indicated that a loan origination fee of 2 percent is customary for conventional mortgages in the locality of the employee's new duty station.

BACKGROUND

Mr. Joseph R. Aceto, an employee of the Internal Revenue Service, was transferred from Cleveland, Ohio, to Toledo, Ohio, under a travel authorization issued August 29, 1984. He purchased a residence at his new duty station financed by a conventional mortgage and paid a 2 percent loan origination fee in the amount of \$1,280 to People's Savings Association. The agency reimbursed him 1 percent or \$640 in accordance with the Comptroller General's decision, Roger J. Salem, 63 Comp. Gen. 456 (1984). Mr. Aceto contends that he is entitled to reimbursement of the entire 2 percent loan origination fee since the local office of the Department of Housing and Urban Development has advised that

^{1/} An authorized certifying officer with the Internal Revenue Service has requested an advance decision on whether Mr. Joseph R. Aceto may be reimbursed for a 2 percent loan origination fee.

034398

a 2 percent loan origination fee is customary in the Toledo area for conventional mortgages. The agency has requested our decision on this matter.

DISCUSSION

Under the provisions of 5 U.S.C. § 5724a(a)(4) (1982) and implementing regulations, the Federal Travel Regulations (FTR), incorp. by ref., 41 C.F.R. 101-7.003 (1984), an employee may be reimbursed for certain real estate expenses incurred when transferred to a new duty station. Reimbursement of loan origination fees is authorized under FTR para. 2-6.2d, as amended effective October 1, 1982, by GSA Bulletin FPMR A-40, Supplement 4.

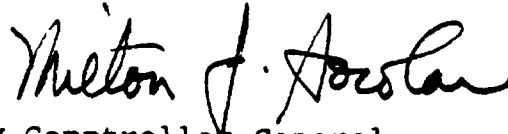
In our decision Roger J. Salem, 63 Comp. Gen. 456, supra, we discussed reimbursement of loan origination fees in detail. In that case we determined that the bulk of a 5 percent loan origination fee paid by the employee was not reimbursable since it represented a mortgage discount. We relied on the advice of the local office of the Department of Housing and Urban Development that lenders in that area customarily charged 1 percent to limit the employee's reimbursement to 1 percent.

We have also permitted agencies to rely on technical assistance provided by the local office of the Department of Housing and Urban Development in determining the customary loan fee in a given locality. Gary A. Clark, B-213740, February 15, 1984. Information provided by the local office creates a rebuttable presumption as to the prevailing loan origination fee charged in the area and is controlling in the absence of evidence overcoming that presumption. Christopher P. Jolly, B-217081, March 8, 1985. Thus, in the absence of other guidelines the determination as to what is reasonable and customary in a locality by the local Department of Housing and Urban Development office may be followed in determining an employee's entitlement to a loan origination fee. Egbert H. Thompson and Sam Losoya, B-217603, B-217584, September 4, 1985.

In this case the Cleveland Office or the Department of Housing and Urban Development, whose territory includes the Toledo area, has indicated that a loan origination fee of 2 percent is customary for conventional mortgages in that

B-219309

area. Accordingly, Mr. Aceto may be reimbursed for the additional \$640.

A handwritten signature in black ink, reading "Milton J. Acosta". The signature is written in a cursive style with a large, stylized initial "M".

Acting Comptroller General
of the United States

LAW/AUTHORITY CITATIONS

[illegible]